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Administration Chipping At Civil Servants' Pay And Benefits Packages

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For years, federal workers appeared to live on Easy Street, with good pay, job security, generous health and vacation benefits and a pension plan that was considered the Mercedes of retirement programs.

Easy Street has developed a few potholes in the last few years.

Like the Carter administration before it, the Reagan administration came into office vowing to tame the bureaucracy.

But in retrospect, President Carter's legacy is looking better to many federal workers. The Carter administration gave them the Civil Service Reform Act, the Senior Executive Service and general pay raises that averaged 7.17 percent per year.

President Reagan's administration has given them general pay raises averaging 4.4 percent per year, along with layoffs, new payroll taxes, reduced benefits and promises of more of the same.

"It seems like this administration is hell-bent on wrecking the Civil Service system," said L.J. (Lud) Andolsek, director of the National Association of Retired Federal Employes. "We have been doing everything possible during the last two administrations to make federal employment less attractive to young, bright college people."

Under the cumulative effects of a series of legislative, administrative and regulatory changes, civil servants now receive less pay and benefits than their peers in the private sector for the first time in the Civil Service's 100-year history, according to a recent study by the Congressional Budget Office.

This week a blue-ribbon presidential advisory panel composed of 163 business executives produced a draft report on "management savings" that would involve $35 billion worth of cuts in federal employes' pay and benefits over three years.

Perhaps more significant, the administration has chipped away at one of the intangible benefits that made government jobs so attractive to millions of Americans: job security.

The most recent monthly figures from the Office of Personnel Management show that government employment has dropped by 100,000 since Reagan took office, including 11,000 employes laid off through mandatory reductions-in-force.

Last week OPM Director Donald J. Devine announced a regulatory change that will make further inroads into job security, by giving seniority less weight in determining who is subject to a layoff.

"To understand what is happening, you have to take a look at the total picture and implications of what this administration is proposing," said Jerry Klepner, director of the National Treasury Employes Union. "It is seeking widespread changes in wages, benefits, promotions, classifications, in short, every aspect of employment." The result, Klepner said, "is a very fearful work force . . . that feels it's under attack."

Devine agrees that the administration's changes have been unsettling and controversial, but he rejects allegations that the administration is at war with federal workers.

"Certainly people don't feel good about having their pay frozen or their retirement system changed, but we think it's necessary," Devine recently told Congress. "We can't get the government under control unless we get its personnel under control."

Devine contends that benefits for federal workers, especially the government's pension plan, are much more generous than benefits in the private sector. The most recent OPM studies show that federal workers receive about 11 percent more in pay and benefits than do their private sector peers.

That report contrasts sharply with the CBO study, which last month concluded that federal employes' overall compensation had slipped below that of private workers. An independent study by Hay Associates, a Washington management consultant firm, found federal employes ahead by the most slender of margins.

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"Because of increases in the private sector and reductions in the federal programs, the fringe benefit and leave package of the federal government is only slightly better than that of the private sector today," the firm said. "In the specific area of retirement . . . the federal program is worth 5.5 percent of pay more than the private sector program is today. This advantage is almost totally offset by lower federal benefits, particularly in health and life insurance, to produce a total federal advantage of 0.6 percent of pay."

In 1978, a presidential advisory pay panel said government workers would have to receive an 8.4 percent increase to keep pace with their private-sector colleagues. Those recommendations were based upon Labor Department statistics. But Congress and Carter claimed those statistics were inaccurate, and granted only a 5.5 percent increase. The disparity between the pay panel's recommendation and pay increases has grown even wider under Reagan.

This year, the pay panel said federal workers would have to receive a 20 percent pay increase to catch up. [illegible] bility adjustment for civil servants [illegible] the military this October. The House recently suggested a minimum increase of 4 percent.

Federal employes' pay always has been an easy mark for budget-cutters, partly because federal workers, unlike many of their private-sector counterparts, can't strike for higher pay. Federal workers also have been vulnerable because they have been characterized for years as lazy bureaucrats who are overpaid.

While federal employes' wages, which average $26,000 per year in the Washington area, have been limited, the administration and Congress have been dipping deeper into federal workers' pockets.

For example, the administration has proposed increasing employe contributions to federal retirement programs from the current 7 percent level to 11 percent during the next two years. No increase in benefits is planned. For a worker earning $24,000 per year, this change will mean $80 a month less in take-home pay.

Starting next January, all new federal workers will have Social Security as well as contributions to the Civil Service Retirement System deducted from their paychecks. That amounts to a 14 percent bite.

The most expensive of all of the administration's proposals, however, could be its plan to change federal workers' health benefits. In the last 18 months health premiums paid by [illegible] 56 percent.

The administration and Congress have also tampered with retirement, the benefit that provides incentive to stick with the job. Retired civil servants are feeling the effects through cuts in their cost-of-living adjustments. Future retirees may see benefits cut, if they retire before age 65.

THE REAGAN ADMINISTRATION AND THE FEDERAL WORK FORCE

CHANGES ALREADY IN EFFECT

- The 1981 budget reconciliation act eliminated semi-annual cost of living adjustments, reducing benefits by an average of $560 per year.
- The 1982 budget reconciliation act cut retirement benefits by delaying the cost-of-living adjustment (COLA) for all retirees and by reducing the COLAs payable to retirees under 62 years of age.
- As of January, 1984, all new federal employes will have to pay into both the Social Security and Civil Service Retirement systems, an idea first suggested in December, 1982 by the National Commission on Social Security Reform.
- Also as of January, 1983, all federal employes began paying a 1.3 Medicare payroll tax, as provided for in the Tax Equity and Fiscal Responsibility Act of 1982.
- During the past 18 months, the Office of Personnel Management has raised health benefit premiums by 56 percent.

CHANGES IN PERSONNEL RULES, PROPOSED MARCH 30

- Automatic "in-grade" pay increases would be eliminated in favor of a more stringent performance standard.
- Layoff rules would be revised to place less emphasis on seniority in determining who stays on the payroll.
- Overtime pay would be reduced.
- Bargaining rights of unions, already prohibited from negotiating for pay and benefits, would be further restricted. Federal employes are forbidden to strike.

CHANGES SUGGESTED BY REAGAN'S FISCAL 1984 BUDGET

- A freeze on pay. The budget contains no comparability adjustment in October, 1983, for civil servants or the military.
- No retirement cost-of-living adjustment. The budget eliminates adjustment due in May, 1984.
- Increased retirement contributions. The budget proposes raising employe contributions to 11 percent during the next two years from the current 7 percent.
- A penalty for early retirement. The budget proposes reducing retirement benefits by 5 percent for each year that a retiree is under age 65 at the age of retirement. That means persons who retired at age 55 would lose half their retirement benefits.
- A new annuity calculation. Employe's annuity would be based on highest salary averaged over five years, not three years.
- Classification downgrading. Budget proposes reduced classification for federal workers.
- A voucher system of health insurance. Currently the government pays 60 percent of premium costs of six major plans. Employes pay 40 percent of costs. Under new system, a ceiling would be set. Last year, the government's average cost was $46.09 per employe.